

Message Text

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TO AMEMBASSY CAIRO

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TAGS: PINT, EG

SUBJECT:PUBLICITY ABOUT QUOTE NEW EGYPTIAN MILLIONAIRES
UNQUOTE.

REF: CAIRO 1757

1. FEBRUARY 10 NEW YORK TIMES CARRIED HENRY TANNER ARTICLE
TITLED QUOTE NEW MILLIONAIRES FLOURISHING IN EGYPT'S
LIBERALIZED ECONOMY UNQUOTE WHICH INCLUDED SOME OF THE
FOLLOWING PARAGRAPHS.

2. QUOTE: THE HEAD OF A SMALL GOVERNMENT-OWNED FACTORY WHO
IS RENTING HIS DOLS 38-A MONTH APARTMENT FOR DOLS 1,150 TO
FOREIGNERS AND WHOSE WIFE HAS JUST OPENED A BOUTIQUE FOR
IMPORTED FASHIONS IS WELL ON HIS WAY TO BECOMING ONE OF
THE NEW CLASS OF EGYPTIANS WHO HAVE STRUCK IT RICH DURING
THE LAST TWO YEARS.

THEY ARE BEING CALLED QUOTE FAT CATS UNQUOTE OR QUOTE NEW
PASHAS UNQUOTE AND THEY HAVE BEEN DENOUNCED IN THE NATIONAL
ASSEMBLY AND HAVE BECOME THE SUBJECT OF DAILY ARTICLES AND
CARTOONS IN THE PRESS. ONE WRITER PROPOSED TO QUOTE
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SLAUGHTER UNQUOTE THEM ALL.

BUT THE NEW CLASS IS A BY-PRODUCT OF PRESIDENT ANWAR EL-SADAT'S NEW LIBERAL ECONOMIC POLICY, WHICH IS SUPPOSED TO

ATTRACT FOREIGN CAPITALISTS TO EGYPT. THE REGIME CLEARLY DOES NOT KNOW HOW TO COPE WITH THE ABUSES OF THIS POLICY WITHOUT BEING ACCUSED OF REVERSING IT AND SCARING OFF WOULD-BE INVESTORS.

THERE ARE NOW 500 MILLIONAIRES IN EGYPT, ACCORDING TO THE POLITICIANS AND NEWSPAPERS, AND THE ACTUAL NUMBER MAY BE HIGHER. MUCH OF THIS WEALTH IS RECENT.

THE LARGEST SINGLE GROUP OF NEWLY RICH IN CAIRO ARE REAL ESTATE OWNERS AND SPECULATORS WHO BUY AND SELL IN QUICK SUCCESSION. MANY OF THEM ARE NOT EGYPTIANS BUT OTHER ARABS FROM OIL-PRODUCING COUNTRIES. ANYBODY WHO OWNS A BUILDING SITE SUITABLE FOR CONSTRUCTION OR WHO HAS A BUILDING--EVEN AN APARTMENT--IS POTENTIALLY RICH.

TAX EVASION IS MADE GENERAL AND, SOME SAY, MANDATORY BY A LAW FROM THE NASSER DAYS THAT PUTS A 95 PERCENT TAX ON ALL INCOME ABOVE THE EQUIVALENT OF DOLS 25,000 A YEAR. END QUOTE. ARTICLE BEING POUCHED. INGERSOLL

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